China’s friendship with Kenya dates back to more than 600 years ago, when Zheng He, the great navigator of the Ming Dynasty, arrived in Kenya’s Malindi during the fourth voyage of his Treasure Fleet. In 1963, China was the fourth country in the world to recognize Kenya’s independence and establish diplomatic relations with Kenya, two days after Kenya’s declaration of independence. In 2013, President Xi Jinping and President Uhuru Kenyatta jointly announced the initiation of the China-Kenya Comprehensive Cooperative Partnership, setting a clear course for the long-term development of the bilateral relationship between the two countries. As bilateral relationship develops at accelerating speed, the political trust, economic and trade cooperation, and cultural exchanges between China and Kenya have all made new progresses. The bilateral relationship between China and Kenya has entered a new phase of its history, with concrete progresses in the fields of infrastructure, energy, high-tech, youth employment and entrepreneurship, etc. In May 2017, President Xi Jinping and President Uhuru Kenyatta jointly declared to further upgrade bilateral relations to the China-Kenya Comprehensive Strategic Partnership, reaching a new height of smooth bilateral relations. As a historic stop and natural extension of the Maritime Silk Road, Kenya, becomes the first stop for Chinese enterprises that “Go into Africa”. The cooperation between China and Kenya is now an outstanding showcase in Sino-African cooperation.

The Kenya China Economic and Trade Association consists of 73 member enterprises, with eleven enterprises serving on the board. KCETA member enterprises are widely distributed in fields such as engineering contracting, trade, real estate, logistics, scientific and technological services, manufacturing, etc. In recent years, as the Kenya-China Economic and Trade cooperation deepened, association member enterprises adhere to the principles of sincerity, practical results, affinity and good faith, uphold the values of friendship, justice and shared interests emphasized by President Xi Jinping, comply to laws and regulations, proactively carry out social responsibility and integrate the Sustainable Development Goals into their business operations. Statistics show that as of the end of 2016 the average employee localization rate of KCETA member enterprises reached 87%. A World Bank report noted that Chinese businesses in Kenya on average employ 360 local employees, far greater than the average 147 local employees employed by foreign invested enterprises in Kenya. Creating employment opportunities is just one aspect of Chinese enterprises proactively upholding corporate social responsibility, more Chinese businesses are creating win-win outcomes while transferring technology, engaging with local communities and preserving the local environment.

Great opportunities lie in future cooperation between China and Kenya. It is the hope that both sides will explore new sectors and new advantages, create prosperity for people of both countries, and “March towards Development, Together for a Shared Future”.

Preface

Liu Xianfa, Chinese Ambassador to Kenya

Preface: March towards Development, Together for a Shared Future

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About this Report

This report is the first social responsibility report of Chinese enterprises in Kenya. Prepared by the Kenya China Economic and Trade Association, it is a comprehensive disclosure of the impact of the business activities of Chinese enterprises on the local economy, society and the environment.

Report period: The report mainly covers the activities of our member enterprises in 2016 and the first half of 2017. Some earlier activities are also included as this is our first CSR report.

Report scope: This report mainly covers the activities of the 73 KCETA member enterprises and their subsidiaries in Kenya.

Report reference: The preparation of this report followed the GRI reporting methodology and GRI’s principles of “stakeholder participation, sustainability background, materiality and completeness”.

Data collection: The project team traveled to Kenya and conducted face-to-face research and interviews with key members of the Association. The data and information disclosed in this report are derived from the relevant data and cases collected by the Association from each member enterprise. A number of third-party researches and reports were also referred during the reporting process.

Feedback: If you have any feedback or suggestions on the content of the report, please send your feedback via email to KCETACSR@gmail.com. We will take full account of your comments and suggestions and are committed to protecting your information from third parties without your consent.
About Kenya

Kenya not only has beautiful natural scenery and exotic cultural experience, but also has strategic geographical location and relatively mature economic and social environment, which attract many overseas businesses, including Chinese businesses, to come here and engage in trade and investment opportunities.
About Kenya


Kennya’s Beautiful
Eastern
Passageway

Kenya is located on the eastern side of Africa, with the Indian Ocean to its southeast, the equator passing through its center from east to west, and east Africa’s Great Rift Valley crossing from north to south. It boasts beautiful natural scenery and a pleasant climate. Plains make up most of its land territory, and the average elevation is 1,500 meters. As a world-renowned tourist destination, Kenya’s natural beauty, rich local ethnic cultures, unique geological features and astonishing wildlife attract travelers from around the world.

Astonishing wildlife

Beautiful natural scenery

Cradle of human history and rich ethnic cultures

The Home of Opportunities for Thriving Growth

Ever since Kenya’s independence in 1963, it has been politically stable, one of the most stable countries and economic bases in Africa. It is also an important window and bridge to access trade, investment, and technological cooperation with Africa.

As one of the advocates of the East African Community (EAC) and the Common Market of Eastern and Southern Africa (COMESA) as well as other regional cooperation organizations, Kenya’s superior geographical position as the gateway to Eastern Africa and relatively sound economic foundation helps it play an important role linking east and central Africa. The capital city of Nairobi boasts more than 30 international flight routes that reach all parts of the world. The second largest city of Mombasa is east Africa’s largest natural harbor, exporting to east and central African countries. Kisumu, the third largest city, is the economic and transportation center of western Kenya, located on the Victoria Lake it enjoys convenient water transportation.

Starting in the 1990s, Kenya’s domestic economy has developed steadily, continuously expanding its market size. In recent years, as regional integration has advanced in eastern Africa, more foreign direct investment (FDI) and overseas businesses came to Kenya, treating it as the passageway to opening up markets in eastern and central Africa.

In 2008, the government of Kenya created the national strategy called Vision Kenya 2030, focusing on the three main areas of politics, economics, and society, vigorously promoting development and striving to transform Kenya into a middle-income emerging market by 2030. In recent years, Kenya’s government has pushed economic and social development with basic infrastructure, injecting the local economy with sustainable momentum.

The 2016 GDP growth 5.8%  
- 2015 total FDI ranked fourth in Africa  
- 2015 number of infrastructure projects ranked first in East Africa  
- Ranked No. 2 in the African Attractive Index (AAI) released by Ernst & Young

Source: Statistics and reports of the Kenyan government, the World Bank, the African Union, and Ernst & Young

Note: 2014 survey data
Relations between China and Kenya go back ages, at the earliest can be traced to the Tang Dynasty. In the 1500’s, the Chinese Ming Dynasty maritime explorer Zheng He and his massive fleet arrived at Kenya’s Mombasa, Lamu and Malindi. Malindi sent an emissary to China in 1415, offering a giraffe as a gift, which the Chinese thought was the mythical magic beast qilin.

- Liu Xianfa, Chinese Ambassador to Kenya

On May 29, 2015, the Sino-African Joint Research Center was established at the Kenyatta Agricultural University.

In May, 2017, Chinese President Xi Jinping and Premier Li Keqiang met with visiting Kenya President Uhuru Kenyatta in Beijing during the “Belt and Road” Initiative Summit.

Realizing the Shared Dream of China-Kenya Cooperation

Relations between China and Kenya go back ages, at the earliest can be traced to the Tang Dynasty. In the 1500’s, the Chinese Ming Dynasty maritime explorer Zheng He and his massive fleet arrived at Kenya’s Mombasa, Lamu and Malindi. Malindi sent an emissary to China in 1415, offering a giraffe as a gift, which the Chinese thought was the mythical magic beast qilin.

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China and Kenya established diplomatic relations in 1963, and the relationship has grown steadily since then. In recent years, China-Kenya bilateral political trust has strengthened, cultural exchanges have increased, and economic ties have deepened, thus entering into the best period for bilateral ties in history. As one of the four largest economies in Africa, Kenya is an important Chinese trading partner in Africa, with expanding and deepening cooperation for the economy, trade, project contracting, labor and investment. In August 2013, China and Kenya established a comprehensive and cooperative partnership, in 2015 China became Kenya’s number one trading partner, and Kenya is now China’s sixth largest African trading partner.

China and Kenya share many common characteristics in their concepts, goals, and pathways to development. The Kenya Vision 2030 plan is stimulating Kenya’s economic and social development, much like the China Dream, thus setting a foundation for comprehensive cooperation between China and Kenya in these two areas. In 2014, Premier Li Keqiang visited Africa and brought up the “three networks and one transformation” (three networks of high-speed railways, highways, and regional aviation, and the transformation of industrial infrastructure), echoing China’s Belt and Road Initiative.

The Chinese people value both friendship and justice as well as shared interests and place more importance on the former. China is committed to promoting win-win economic cooperation, contributing to local livelihood and infrastructure, accelerating the East African integration process, enhancing the capability of the Kenyan economy to develop independently, and improving the welfare of the Kenya’s people. Economic cooperation between China and Kenya has great potential, creating great development opportunities for businesses of both sides.
Formulating and implementing corporate social responsibility strategies is important for Chinese enterprises long-term sustainable development in Africa. Every Chinese enterprise in Kenya knows that they must do more than expand their business. They should also remember their roles as corporate citizens, taking root in and engaging the local community to realize harmonious development of the economy and society in Kenya.
In Kenya, Chinese businesses have undertaken the construction of many infrastructure projects, with many businesses utilizing their experience accumulated in China to effectively complete projects and help the development of the local economy and society. At the same time, for trade, manufacturing, and service sectors, Chinese invested businesses are exploring opportunities and working hard to integrate into the local market. All of these activities are bringing vitality to the Kenyan economy, creating job opportunities, and making an enormous contribution to Kenya’s economy.

Following the progress of the Kenya Vision 2030, Chinese invested firms will be able to meet the development needs of Kenya’s society and economy with more clarity, more broadly realizing win-win outcomes through business development while upholding social responsibility, using successful operations to help tap into Kenya’s massive potential, creating shared prosperity and harmonious development with the local communities.

China’s continuous economic development has today transformed it into the world’s second largest economy. Although we are still a developing economy, we take on a greater responsibility for other developing countries within the framework of south-south cooperation. We have an obligation to help other developing countries reach a breakthrough in economic and social development, poverty reduction, and capacity building. This is how a great power behaves.

"Guo Ce, Economic & Commercial Counselor of the Chinese Embassy in Kenya"

Ensuring Business Ethics and Integrity

Kenya is home to a rich variety of species and a fragile habitat, and there is still a great deal of improvement to be made before its level of social development reaches international standards. Compared with the domestic market in China, Chinese invested businesses in the Kenya are confronted with more complex challenges. For example, differences in culture and business practices, increasing market competition, lack of overseas operations experience, lack of technical and management expertise, supply chain management, and challenges with community communication and protection of wild animals. In addition to these various difficulties, Chinese invested businesses are often targets of suspicion from the outside world which does not understand them, thus causing Chinese enterprises in Kenya to endure prejudicial treatment when undertaking normal commercial activities, and are even labeled as “two-colonialists”, casting a shadow over China-Kenya cooperation.

For Chinese enterprises which are faced with various challenges related to social responsibility, the realistic strategy to guarantee stable, long-term growth in Kenya is to actively uphold social responsibility during business operations, create a positive external environment, and reduce frictions and operational risks and earning community trust. These are constructive steps that can be taken to take part in sustainable global development and proactively realize the UN’s Sustainable Development Goals, and a good prescription for supporting a positive cycle of development for Kenya, and even all of Africa. In practice, we can observe that the Chinese invested businesses that have developed smoothly always have tight management, high level of internationalization, are good at communication with communities, and possess good social responsibility management.

"Chenxue and Bridge Corporation engineer Zhu Shuisheng and his Kenyan students."

Improving Compliance Management

Kenya is currently experiencing a period of high-speed growth, and each aspect of governance is currently undergoing completion or improvement. The Chinese Embassy’s economic counsellor’s office and the member businesses from the Kenya China Economic and Trade Association routinely organize trainings to help managers of Chinese invested businesses in Kenya to learn about local laws and regulations, become familiar with the local commercial environment, as well as give alerts about risks and understanding of relevant prevention measures, while strengthening awareness of legal compliance. To address common financial, customs clearance, taxation and legal problems encountered by businesses, the group also organizes experts to speak and provide face-to-face consultation and explanations. The association businesses are also constantly strengthening compliance management during operations, creating a complete compliance management and risk management mechanism, providing a solid foundation for businesses operating in Kenya.

SinoHydro Built Comprehensive Compliance Management System

With the Code of Ethics at its core, SinoHydro Corporation Ltd. created a complete compliance planning system which serves as the key standard for developing new business, and created a series of specific plans and procedures with reporting documents, including the Anti-Corruption Policy and Manual, Guidelines for Due Diligence, Policy for Gifts and Entertaining, and Procurement Policy. In addition to creating the policies and standard procedures, and conducting trainings, the company also appointed a fulltime management position to be specifically in charge of compliance planning, implementation and monitoring.

Organization Member Training Raising Compliance Awareness

Stanbic Bank Kenya is a commercial bank with extensive experience servicing Chinese invested businesses. Organized by the association, Stanbic Bank Kenya combined its experience with providing finance and commercial services to businesses provide multiple trainings on taxation, finance, and legal compliance for association member businesses and other Chinese invested businesses, as well as providing face-to-face consultation for resolving common problems encountered by businesses in these sectors, assisting the businesses to raise compliance awareness and capacity to work according to the law.

"KCETA member enterprises, organized trainings on local legal and business environment."

Sustainable Development Goals, and a good prescription for supporting a positive cycle of development for Kenya, and even all of Africa. In practice, we can observe that the Chinese invested businesses that have developed smoothly always have tight management, high level of internationalization, are good at communication with communities, and possess good social responsibility management.
Integrating Responsibility into Business Operations

For many years, the association has promoted the development of Chinese institutions and business in Kenya, strengthening industry self-regulation, protecting member rights, and advocating members to perform social responsibility. In its daily work, the association not only actively assists members to become familiar with the domestic market, and to communicate better with local communities. It also vigorously promotes model case studies for the creation of beneficial standards of behavior and the performance of social responsibility.

We are committed to adhering to the principles of sincerity, practical results, affinity and good faith and uphold the values of friendship, justice and shared interests emphasized by Chinese President Xi Jinping, deepening the sustainability management within the framework of the UN Sustainable Development Goals, strictly abiding by laws and regulations, proactively carrying out social responsibility and realizing sustainable development through pursuing win-win economic cooperation, cultivating local talents, growing together with local communities, and living in harmony with the environment.

Although the characteristics and sectors of Chinese invested businesses in Kenya are different, their starting point for social responsibility are essentially the same, which is to create and preserve with a correct understanding of justice and welfare, to “put justice before profit, seeking profits with morality”. The association has made clear its demands for members to carry out social responsibility: emphasize product and engineering quality, accumulate a good social reputation; strictly adhere to local laws and regulations; maintain the bottom line; reject unlawful activities, guarantee commercial activity complies with the law; build harmonious labor relations; manage human resources according to the law; increase education and skills training investment; encourage communication between Chinese and African employees; respect local culture and customs, proactively protect the environment, strengthen communication with local communities and residents, and integrate with the local society.

AVIC Kenya developed the African Tech Contest program based on its resources and expertise to foster local talents.

Our Responsibility and Undertakings - How We Embrace the United Nations Sustainable Development Goals

In recent years, the social and environment problems caused by economic development are increasingly pronounced, and the concept of sustainable development is deeply valued by many people. For business, as a core driving force of societies’ sustainable development, how to implement social responsibility, while realizing economic goals and giving attention to environmental and social results, promoting the sustainable local development within their place of operations is today an important topic followed closely around the world. In 2015, the UN proposed the 2030 Global Sustainable Development Goals (SDGs), applying 17 target sectors for which government, businesses and communities can work together to realize global sustainable development.
Pursuing Win-win Economic Cooperation

Insufficient infrastructure in many regions and the lack of scientific and technological research capabilities make it difficult for Kenya to meet the urbanization and industrialization needed to realize the Vision Kenya 2030. There is an urgent need for Kenya to upgrade its infrastructure and promote industrialization. Guided by the Belt and Road Initiative, an increasing number of Chinese enterprises have entered the Kenyan market. While they explore business opportunities and expand the market here, they also help deal with development bottlenecks by actively participating in Kenya’s infrastructure construction and accelerating its industrialization process, creating a significant positive impact on Kenya’s economic and social development through win-win cooperation.
Improving Infrastructure

Good infrastructure is a prerequisite for economic development. By helping Kenya improve its poor infrastructure, Chinese companies are able to not only leverage their world-leading expertise in engineering and managing infrastructure projects to help Kenya strengthen its central position in the regional economic cooperation of eastern Africa and accelerate regional integration, but also identify opportunities for capacity cooperation to local markets, accumulate and strengthen their local experience, and further enhance their ability to make Kenya a beachhead for their expansion into the African market.

Laying the Foundation for the New East Africa Railway

For a long time, the main domestic freight transportation pattern in Kenya relied on the Mombasa port and the meter gauge railway and A109 highway. The old railway was built over a century ago and could only handle less than 10% of the port’s cargo capacity, leaving a heavy burden on the two-way, two-lane A109 highway.

The Mombasa-Nairobi standard gauge railway (SGR) project started construction in December 2014. The 480-km railway connects eastern Africa’s largest port city of Mombasa and Kenya’s capital Nairobi. It lays the foundation for the New East Africa Railway that China is helping build in the six Eastern African countries of Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan.

The SGR project was the largest infrastructure project in Kenya’s history with a total investment of $3.804 billion from China. The project has fully adopted China’s standards, technology, equipment and management experience in railway construction and management. It also took advantage of the expertise and capability of Chinese enterprises to bring benefit to the Kenyan economy in terms of material procurement, technology transfer and job creation.

On May 31, 2017, nearly 1,300 people headed by Kenyan President Uhuru Kenyatta traveled on the first SGR passenger train operated by Ms. Concilia, a Kenyan female train driver who received training in China. With the completion of the SGR, freight cost between Mombasa and Nairobi can be lowered by 40%, and the travel time is reduced from over ten hours to four hours. The SGR will play an important role in easing the traffic pressure in Kenya, enhancing cargo capacity, and promoting the economic development of the areas along its path.

Building Better Transportation Infrastructure

With projects like the SGR that runs across the country, to the ring road around the capital city of Nairobi, Chinese enterprises have built a number of important transportation infrastructure projects and helped lay a solid foundation for the economic and social development of Kenya and bring benefits to communities in nearby areas.

- Gimani Ngojube, Professor of Political Science at the University of Nairobi

- James Macharia, Cabinet Secretary of the Ministry of Transport, Infrastructure, Housing and Urban Development of Kenya

- Uhuru Kenyatta, President of Kenya

Some people say that the railway is expensive, but if you see GDP rising by 1.5%, it means that it will generate $1.4 billion in additional revenue for the country, so that we can pay off the railway investment in four years.

Today, 123 years later, despite again a lot of criticism, we now celebrate the Madaraka Express, that will begin to reshape the story of Kenya for the next 100 years. This is not another ‘Lunatic Railway’. I am proud to be associated with this day.

- Uhuru Kenyatta, President of Kenya

Over the last decade, China has made great efforts to build infrastructure in Kenya, and there was no doubt that many people in Kenya and other African countries have benefited.
Pursuing Win-win Economic Cooperation


Since entering the Kenya market in 1998 and 2009 respectively, Huawei and ZTE have been working with local operators to help them upgrade their network equipment with industry leading technologies and solutions. With their efforts, local operators were able to build an advanced communication network at lower construction cost, better network quality, and higher operational efficiency.

Starting from 2009, ZTE helped Telkom Kenya Limited (TKL) with the construction and migration of its intelligent network, billing system, and 2G and 3G network. Now TKL was able to increase its number of base stations and network coverage significantly to cover most cities and suburban areas in Kenya and serve its customers with convenient access and industry-leading network quality. Since it started strategic cooperation with ZTE, TKL had increased its customer count from 500,000 to nearly 3 million. In 2012, ZTE was contracted by JTL to build its fiber-optic broadband network to offer high-quality broadband access to the company’s high-end corporate customers. In 2016, ZTE and JTL started cooperation in LTE network construction.

With these continuous upgrades to its telecommunication infrastructure, the Kenyan telecommunication industry was able to offer local customers with better user experience at lower rates, enabling the Kenyan people to enjoy convenient and rich telecommunications services far above the average conditions in Africa.

Besides helping upgrade local telecommunications infrastructure, our member enterprises also actively used their technological expertise and contribute to Kenya’s social development. In Kenya, Huawei worked with MicroClinic and other companies to develop digital and mobile health solutions to address the need for medical resources by improving the efficiency of diagnosis and treatment. The digital mobile health solution had been applied to 42 clinics and two hospitals in Lamu and the Nairobi areas. The mobile health solution had been applied to ten hospitals and two clinics. With the system, patients could be diagnosed via video before their transfer to higher level hospitals and save twelve hours and $20 in medical expenses. As a result, over 50% of the patients can now get better treatment than they could before, and the incidents of counterfeit or inferior medicine has also declined. Furthermore, it helped the development of the formal medical system by helping clinics and hospitals increase their profit by 30%. It also provides professional training to over 300 doctors through its video training system each year.

This award is a powerful proof that “technology changes the world”. The mobile health solution we developed jointly with Huawei can help local governments and hospitals get paid in accordance with usage, which ensures the provision of sustainable medical services.

- Moka Lantum, Founder and General Manager of MicroClinic
Accelerating New Energy Development

Kenya has rich geothermal resource with total reserves of about 10,000 megawatts. It was underutilized and was listed as a priority power source by the Kenyan government. In 2007, CNPC Great Wall Drilling Company entered this market with the mission to provide clean and affordable clean energy to Kenya. The company had developed a total production capacity of 700 MW, which had increased the total installed geothermal generation capacity of Kenya by almost 50% and the total power generation by 25%. The total installed geothermal capacity of Kenya now ranks the 9th in the world.

Technologies and capital from Chinese enterprises accelerated the development of the geothermal industry in Kenya. It not only increased upstream production capacity of geothermal power generation, but also provided a showcase of the Kenyan government’s industry policy with its outstanding results. The development of geothermal resources became an important solution to address Kenya’s long-term energy need.

Wind power is another emerging new energy source in Kenya. The Kenyan Power Company planned to increase the percentage of wind power in its total power generation from 2% to 6% by 2020. The Kiperi wind power project was one of the three key projects initiated during President Xi Jinping’s visit to the United States in 2015. The total installed capacity of the project was 102 MW and a total of 60 sets of 1.7 MW General Electric wind turbines would be installed by China Machinery Equipment Engineering Co., Ltd. as the EPC Contractor. The total value of the project was about $221 million and the construction period was 22.5 months. In January 2016, CMEC and Kenya Kiperi Energy Limited officially signed the construction contract of this wind power project.

Industrial Transformation and Upgrade

The stagnant development of Africa’s manufacturing industry makes promoting the development of local manufacturing industry an important component of the Ten Sino-African Cooperation Programs, with viable approaches such as industrial cooperation, capacity cooperation, and the construction or upgrade of industrial parks. Our member enterprises vigorously promote local procurement and subcontracting, making contributions to the comprehensive development of the local economy.

At the same time, with the rapid development of Kenya’s economy and the changes it caused in the local market environment, our member enterprises actively explore business opportunities beyond traditional infrastructure construction. In response to the Belt and Road Initiative, we innovated on business models, explored manufacturing opportunities, supported the development of local industrial parks and research bases, brought in advanced technology, equipment and services, and promoted the development of a complete industrial chain, creating favorable conditions for the industrialization process of Africa and Sino-African capacity cooperation.

Chinese firms focus on manufacturing in Kenya, investing $296.17 million between 2003 and 2015. Manufacturing was 64% of total investment for Chinese companies compared to only 26% of total investment among all companies.

Pursuing Win-win Economic Cooperation


During the Standard Gauge Railway construction, local cement producers upgraded their production to meet international standards and supply part of the railway.

- Hon. Adan Mohamed, Cabinet Secretary of the Ministry of Industry, Trade and Cooperatives of Kenya

The project will surely bring revolutionary change and sustainable development to Kenya and East Africa’s housing construction, and contribute to the industrialization of the Kenyan construction industry.

Our member enterprises actively support the development of local suppliers and subcontractors in their procurement management. The percentage of locally procured materials and services is increasing and the efficiency of procurement processes improved significantly. This also created positive impacts on the development of local economy and optimized local market mechanism. These procurement and subcontracting project not only created employment opportunities and income for local communities, but also helped local businesses, especially small and medium-sized enterprises, to grow their incomes and scale up. With improvements in brand image, corporate management, and production management, the variety and quality of local products improved significantly, further contributing to the development of Kenya’s local industries.

The Kisumu highway project of SinoHydro Co., Ltd. contracted eight local contractors with services ranging from road construction the HIV/AIDS awareness raising and prevention.

The Mombasa-Nairobi SGR project of China Road and Bridge Corporation opened its procurement system to qualified small and medium enterprises and cooperated with over 900 local suppliers and over 200 local subcontractors in material supply, equipment leasing, project subcontracting and consulting services.

During the construction of the geothermal power generation project, CNPC Great Wall Drilling Company supported a number of local professional service companies in drilling equipment relocation, labor outsourcing and other related areas, allowing them to grow together with the project.

During the Kisumu International Airport Renovation Project, China Overseas Engineering Group Co., Ltd. gave opportunities to qualified local subcontractors and some of them became widely recognized companies in their trades in Kenya.

In 2015, China Wu Yi Group invested USD94 million to establish the Kenya Building Industrialization Research, Development, and Production Base and a warehouse market for industrialized building materials in Nairobi. The project was kicked off in August 2016 and will start operating in June 2017. Once in operation, it will be able to provide affordable, high-quality and green building materials enough for building about 1,500 housing units to the local market.

For a long time, the construction industry in Africa has been dominated by traditional production models with old technology, low efficiency, and high labor intensity and accident rate. As a result, local construction projects often experience many quality problems and took long time to finish and at high cost. In comparison, industrialized construction can greatly improve construction quality, shorten the construction period and reduce cost with standardized design, prefabricated modules and mechanized construction operations. It also creates less environmental impacts in terms of noise, solid waste, and dust. Industrialized construction reduces the overall lifecycle resource and energy consumption of buildings and fits the industry trend for greater sustainability.

The project will surely bring revolutionary change and sustainable development to Kenya and East Africa’s housing construction, and contribute to the industrialization of the Kenyan construction industry.


Leading the Upgrade of the Construction Industry

Promoting Local Procurement and Subcontracting

SinoHydro Co., Ltd. built the Nairobi Garden City Mall, which opened for business in May 2015 and was one of the largest shopping malls in East Africa.
Pursuing Win-win Economic Cooperation


Kenya imported all the transformer products from abroad. Every year, many of the transformers imported broke down because of a number of factors, such as the cost-driven procurement price, lack of testing equipment and strict quality inspection, and rampant theft in rural areas.

Yocean Group used to conduct power equipment trading and engineering business in East Africa. It saw the opportunities in repairing those malfunctioned transformers and negotiated a contract for a trial order of 120 transformers from the Kenyan government in 2015. With an exceptional record of zero rework rates for the trial order, Yocean subsequently won a long-term contract.

Encouraged by Kenya’s policy to promote local manufacturing sector and industrialization, Yocean soon started the production of transformers in Kenya and became the first ever producer that was able to design and produce transformers in Kenya. In September 2016, Yocean got a $30 million contract for transformers made in Kenya, marking a milestone in the development of the domestic manufacturing sector in Kenya.

StarTimes Media Co., Ltd. is a private Chinese company that provides television transmission equipment. Seeing a huge opportunity in the African media market, StarTimes Media Kenya was founded in 2012 with business spanning from pay-TV, mobile multimedia, wireless Internet, sale of terminal products to the provision of digital transmission services to overseas countries and commercial broadcasting services.

StarTimes Media applied to the Kenya government and obtained the pay-TV operator license and the national signal transmission license, becoming the only foreign company in Kenya with such transmission license. As of September 2016, it had built 21 terrestrial digital stations that covering 90% of Kenya’s population, and developed one million terrestrial digital TV users and 30,000 satellite TV subscribers, offering programs in ten languages including English, French, Portuguese, Swahili, Hausa, Biafra, Chinese and other languages.

The success of StarTimes Media went beyond business and it played an active role in promoting the understanding between the two peoples. It had translated over 1,200 episodes of Chinese programs to broadcast in Kenya and other African countries, helping the audience to learn about the Chinese culture and China’s development. The company also actively localized its employees and cultivates local creative talents who have self-produced over twenty programs based on the tastes of local audience to achieve the win-win development of the business and effective communication with the local culture.

A Breakthrough in “Made in Kenya”

Yocean Group became the first domestic manufacturer of transformers in Kenya.

Exploring the Media Business

Most employees of Star Times are hired locally, who helped created local content programs tailored to local preferences.
Cultivating Local Talents

Chinese enterprises have been seeing a steady increase in their employee localization ratios as they gain business and management expertise about the Kenya market. This is also a response to market competition and their own need for upgrading their operations. Based on the philosophy of “to teach someone to fish instead of giving someone a fish”, Chinese enterprises in Kenya also actively carry out a variety of training programs to cultivating local talents with technical and professional skills, who are not only talents for themselves, but also talents for the development of Kenya.
Creating Employment Opportunities

Our member enterprises employ a large number of local employees in Kenya. For many projects, we hired experienced local professionals familiar with local laws and regulations as human resource managers to be in charge of the hiring and management of local workers. We strictly comply with relevant laws and regulations, base our hiring decisions on open and fair standards, pay wages in time and in full amount, manage working hours well and pay overtime wages for working hours and tasks beyond the required working hours, and ensure workplace safety and occupational health.

Promoting Hiring and Management Localization

Contrary to the popular myth that “Chinese enterprises only employ their own people”, a majority of our member enterprises in Kenya have localized their employees. Almost all positions with relatively low skill requirements are hired and managed locally.

China Overseas Engineering Group Co., Ltd. started localizing its labor force from an early time. Its Kisumu international airport renovation project hired over 191 local employees and only 18 Chinese employees.

Sinohydro Co., Ltd. vigorously promotes management localization. It hires over 3,000 local employees and less than 240 Chinese employees. The company not only employs a large number of local workers, but also hires many experienced local talents for senior management positions, providing both job opportunities and skilled and experienced talents for the development of Kenya.

Fact: Chinese companies employ NO local workers.

Myth: 78% full-time and 95% part-time employees in Chinese companies are locals

Employees of KCETA member enterprises as of December 31, 2016:

- Management staff: 44% local employees
- Fulltime employees: 91% local employees
- Temporary employees: 96% local employees
- Total: 87% local employees

Ensuring Occupational Health and Workplace Safety

Our member enterprises are highly concerned about the occupational health and workplace safety of employees. We provided comprehensive pre-job trainings to help new employees learn job-related knowledge and requirements. At work, we organized regular employee meetings to discuss problems and hazards found in the construction process to ensure workplace safety. Safety management measures are stricter for positions exposed to more workplace hazards or needed special qualifications.

Many areas in Kenya have high incidences of HIV/AIDS. In these areas, our member enterprises hired professional organizations to carry out regular awareness raising activities regarding the prevention and treatment of HIV/AIDS and provided employees with free medical examinations in accordance with government regulations and the requirements of the project owners.

Campus Recruitment Event

On November 30, 2016, the Confucius Institute at the University of Nairobi organized a campus recruitment event named “Dreams and Future Achievements” for Chinese enterprises. Over 21 Chinese enterprises came to campus to meet nearly 500 students with job opportunities. It was a job fair dedicated for Chinese companies in Kenya. The students express their appreciation of this event where they could find many interesting job opportunities to help them fulfill their dreams.

Training on Workplace Safety

At the Bissel quarry site of Sinohydro, the quarry excavation process created a great amount of noise and dust. The company invited Kenyan health and safety officials to hold carry on-site trainings for employees about preventive measures, and hired doctors to provide regular physical examinations to local employees. The company also hired experts to carry out special trainings about the handling of explosives to familiarize employees with the scope and procedure of explosive operations to better ensure workplace safety.

Cultivating Local Talents

The development of any nation needs a large number of talents with knowledge and skills. Kenya is faced with the dilemma of having both a high unemployment rate, with an average of over 40% in the past few years, and a lack of skilled young people at the same time. For Chinese enterprises in Kenya, actively cultivating local talent not only has impacts on their management and cost control but also contributes to satisfying the talent needs for Kenya’s economic and social development.

**Training Professional Talents**

In 2014, Huawei launched its global flagship program “Seeds for the Future” ICT training program in Kenya. Each year, Huawei selected outstanding ICT major college students and sent them to its headquarters for professional training for a month, where they could learn about cutting-edge technical knowledge and hands-on understanding of the industry. The program also offered opportunities for students to interact with Huawei executives and industry experts to get first-hand exposure to international business operations and cross-cultural management. 30 young talents from nine universities had been training in Kenya with this program; some of them had already joined Huawei or other companies to contribute to the development of Kenya’s ICT industry. As of November 2016, the program had already trained 64 students and sponsored 28 students to study in China. Huawei is also a long-term contributor to the development of ICT talents in Kenya as a member of the Presidential Digital Talent Program.

**Sowing the “Seeds For the Future”**

We named this program as “Seeds for the Future” because it was our hope to cultivate more seeds for the development of all countries. Young talents from around the world came together. There is no doubt that one day they will reach the tipping point and make significant contributions to the world. That is exactly what we are trying to do.

- Ren Zhengfei, Founder & CEO of Huawei

**From Traditional Herdsmen to Modern Workers**

When operating in the traditional Maasai community, CNPC Great Wall Drilling Company gave priority to local community members and hired over 70% of their workers locally. This was a great challenge to the management because these new workers used to live in traditional tribal communities and had little education and no experience in working with modern equipment. The company strictly followed local labor laws and regulations in protecting employee rights and providing employees with full coverage of medical insurance, social security and personal income tax. The company was opposed to any form of discrimination and offered equal treatment to Chinese employees and local employees. At traditional festivals, the company provided festival meals for local employees in accordance with local habits to honor its respect to the cultural tradition of local employees. To ensure safety for all, the company applied stringent safety management and employees who violated safety regulations would be dismissed with proper communication with the local community. The company also provided the employees with continuous training to help them grow their skills. Within five years since the start of the project, these new employees had already completed their transformation from traditional herdsmen to industrial workers.

**Training High-Level Railway Experts**

At the beginning to the Mombasa-Nairobi SGR project, China Communication Construction Company (CCCC) set up a three-prong training system to cultivate railway experts for Kenya, including on-the-job training for local employees in the construction stage, training for railway engineering personnel in the operation stage, and promoting joint education programs in related majors between Chinese and Kenyan universities. CCCC worked in cooperation with the Kenyan government to sponsor 60 Kenya high-school graduates to study at prestigious universities in China (four years in English or five years in Chinese) in railway related majors, cultivating a future generation of high-end professional personnel for the management of the Eastern African railway network. The first batch of 25 students started their study in April 2016.
The philosophy behind China’s programs is to enhance the capability of self-dependent development of the recipient country, such as Kenya, by sharing China’s experience and technologies, nurturing their own talent pool, and implementing human resources development and cooperation programs.

China’s Counselor of the Chinese Embassy in Kenya, Guo Ce, Economic & Commercial Counselor of the Chinese Embassy in Kenya, said, “After two successful years, the third ATC kicked off in July 2016 with two new breakthroughs. First, CNC lathe processing was added as a new training and competition topic; second, the competition went beyond Kenya with three national teams from Uganda, Ghana, and Zambia, that trained and competed together with fourteen teams from Kenya.”

In addition to training and competition, ATC also invited local entrepreneurs and youth leaders to meet face-to-face with participants to share their experiences and encourage the participants to change their lives and pursue their dreams with through their own efforts.

Indirect impacts of ATC
China Enterprises in Kenya

Comments from ATC participants:

“IT is impossible for me to learn machine operation on real machine tools in Uganda. ATC provided me with an invaluable experience and opened life-changing opportunities for us.”

“When we first heard about ATC, we thought it was just the traditional training like we had in our classroom. But then we found out that we were able to work on such advanced machines directly. It was like magic to us. We are thrilled!”

“It feels great to be able to make a part yourself!”

“I am 21-year-old and I paid my own expense to participate in ATC, because I think learning the skills worth it.”

The Story of Joseph Nyakundi

Joseph Nyakundi was born in a small village not far from Nairobi. His family did not own much land and it was barely enough to sustain their livelihood. Because his family could not afford his college study, Joseph found a job as a carpenter’s apprentice near Nairobi after high school to help support his family.

Joseph loved his job and worked hard every day in the workshop by the side of the road. However, he could not help wonder that what kind of life there was in the big city of nearby Nairobi as he watched the busy traffic passing by. By chance, Joseph got the opportunity to work on a temporary job as a cleaner at the Kenya Polytechnic University, where the 2016 ATC was held.

At the training site, Joseph secretly observed the Chinese expert’s demonstration, and it was just like magic for him to see how metal materials are lathed into pieces of machine parts. One night, after everyone else left, Joseph could not stop his curiosity and turned on the lathe to try what he remembered from earlier in the day. His amateurish work broke the part. The next morning, Joseph took the broken part to the Chinese engineer to confess his mistake. Touched by his sincerity and eagerness to learn, the engineer did not blame him and showed him the correct steps and granted him the permission to practice at night. Since then, Joseph collected scrap parts and materials while he was doing cleaning work. In his spare time, he would compare them with drawings to learn how to avoid such mistakes and practice at night to learn how to operate the lathe.

Though Joseph made it to the finals but did not win the top awards, he was promoted from a temporary cleaner to a workshop maintenance crew because of his ATC training certificate, allowing him to have the opportunity to further his learning. During the 2016 ATC, Joseph reappeared in the competition, only this time he became a mentor to the participants.

ATC witnessed Joseph’s growth, who likes to share this experience with others. “ATC changed my life, transforming me from a carpenter apprentice with no clear clue of my future to a skilled worker with a clear direction to pursue.”

ATC Changed Lives

AIRC International entered the African market in the early 1980s and has long faced the challenge of finding local talents with required skills. In 2014, AIRC International worked together with the Chinese Embassy in Kenya and Kenyan Ministry of Education to launch the African Tech Challenge (ATC) program based on its insights about local vocational training conditions. Held at the vocational centers built by AIRC International, ATC combined vocational trainings for widely needed employment skills, such as in machine tool operation, IT technology, and construction machinery maintenance, with contests to promote better vocational training among young people in support of Kenya’s economic development.

After two successful years, the third ATC also invited local entrepreneurs and youth leaders to meet face-to-face with participants to share their experiences and encourage the participants to change their lives and pursue their dreams with through their own efforts.
Growing Together with Communities

As a developing country, Kenya is still lagging behind in infrastructure and education, thus requires the attention and assistance from the outside world. Chinese enterprises in Kenya actively engage with local communities, protect the rights and interests of local employees, ensure workplace safety and employee health, and support local communities’ livelihood and development needs with their resources and expertise, becoming an active corporate citizen contributing to addressing Kenya’s social development challenges.
Engaging with Local Communities

There are many tribes in Kenya and the social situation is complicated. As projects are in progress, KCETA member enterprises have pay attention to communications with the local community, respect local cultural practices and traditions, including tribal inheritance rights.

While implementing projects, member enterprises are assisted by the Kenyan government and local civil society organizations to communicate with the public, understand the interests of stakeholders, and avoid public opposition to the projects. For those local residents who are affected by the projects, member enterprises host group consultative meetings, make announcements in local newspapers, send notifications and explanatory mailings, post on-site signs and use other means to communicate and inform the community, and to minimize dissatisfaction.

Working with NGOs to Understand Community Needs

China Overseas Engineering Group Co., Ltd. has long been concerned about community communication, because it is an important channel to avoid risks and conflicts. The company has established an active relationship with Chinese institutions researching Africa, universities and NGOs focused on overseas issues. Saferworld is an international organization headquartered in the UK, it aims to prevent violent conflict and build a safe world. One of its priorities is to raise the development assistance in sensitive regions in terms of infrastructure development and high-risk areas where the excavation industry operates.

In 2014, several villagers died in a ferry accident in Sigiri town, Busia County, western Kenya. The incident caused public and government concern, and the government decided to build a bridge. China Overseas Engineering Group Co., Ltd. won the project bidding and established a cooperation with Saferworld, and commissioned the institution to carry out a survey on local stakeholder demands. Based on the results, it further combined with the project team capabilities to implement a community communication plan including skills training, employment, and cultural exchange. During the implementation process, the project team and Saferworld also communicated to keep track of local community feedback and advice.

A good community communication mechanism ensures the smooth progress of the project. The Sigiri project contract was signed in July 2015. The main structure of the bridge was completed after 6 months of design and a year of construction. The project’s community communication has also been widely promoted as a successful case.

Responding to Community Needs

In Kenya, the member enterprises always take care of the local communities and the people, uphold social responsibility, and understand the actual needs of the local community. Members use their resources and advantages to help solve community problems, bring economic development opportunities through business operations, and contribute to livelihood and education improvements. On the other hand, these activities connect the enterprises with the local community and create a good environment for projects.

The enterprises give priority to local staff and suppliers in hiring, project subcontracting and procurement. They use enterprise resources and capabilities to help local communities to increase employment, support the growth of local SMEs and subcontractors. The companies also work with local governments to teach knowledge and skills to residents for sustainable development.

Companies actively communicate with local communities to understand the most urgent needs and to respond through making policies, allocating resources, and supporting activities that improve their quality of life and living environment, such as water supply, public health, livestock protection, environmental protection, cultural traditions, and so on.
Focusing on Education and Children’s Growth

Education is the foundation and future of Kenya’s development. The association has been promoting member enterprises to work with the association to donate money and materials for the development of education, and provide support for the operation of local schools.

In November 2015, China Wu Yi Co., Ltd. invested Ksh2.5 million ($25,000) in the Funayata area to build a new primary school, with 70 sets of new tables and chairs, and powered by solar energy.

In October 2016, China Road and Bridge SGR project learned that a primary school at surrounding Kitet area was in need of an extension but lacking funds. The company immediately designed and built 188 square meters of classrooms to meet the teaching needs of the community.

AVIC subsidiary Shuanghe Development Co., Ltd. donated and constructed the Matari primary school expansion project in Mathare, Nairobi. The project area is 4,140.5 square meters, including two three-story teaching buildings, dining halls, bathrooms, reservoirs and surrounding green facilities. The final completion of the project amounted equivalent to Ksh180 million ($17.6 million). The project commenced in May 2015 and completed on January 2017. The expanded school became the best modern primary school in the area.

The Mcedo Beijing School in Nairobi

The Mcedo Beijing School at the Mathare slums in Nairobi was founded by donations from the Chinese Embassy in 2007. In November 2012, under an initiative of the Chinese Embassy in Kenya, the association organized member enterprises and other Chinese institutions in Kenya to donate to fund the expansion of the school to address its lack of educational resources. With a total of Ksh54.46 million (about Rmb4 million) raised, the elementary school increased its enrollment capacity from 360 to 385 students, and added a middle-school section with an enrollment of 128 students.

The expansion and development of the school raised the awareness of the importance of education in the community. Many students continued their education after completing their studies at the Mcedo Beijing School, some even made to college, and started jobs to support their families. For some students from families in poverty, the school meal supported by the World Food Programme’s nutrition program were their only guaranteed meal. The Association also supported the school’s football club, and a few girls were able to continue their education because of their football expertise.

In May 2017, the Association organized member enterprises to donate 521 textbooks and teaching materials and school supplies valued at Ksh474,882 to the Mcedo Beijing School after learning their need. With our continuous support, we hope that the Mcedo Beijing School can help more children from this neighborhood take education as an opportunity to change their lives, support their families, and contribute to community.

In May 2017, KCETA member enterprises donated textbooks, teaching materials and school supplies to the Mcedo Beijing School.
Growing Together with Communities

Joining Hands to Fight Drought

A severe drought has hit Kenya since 2016. This situation was particularly difficult in the northern regions, where drought had caused famine, epidemic disease, and the death of a large number of livestock. Many residents were displaced because of the difficult situation. In February 2017, Kenya President Kenyatta officially identified the drought as a “national disaster.”

In April 2017, the Chinese Embassy in Kenya, Kenya China Economic and Trade Association and the Kenyan Chinese Overseas Chinese Federation jointly donated 144 tons of food valued at $160,000 to the nine counties that were affected the most. On behalf of the Chinese government, Ambassador Liu Xianfa expressed that China wanted to share its experience in disaster prevention and relief and forge closer cooperation for disaster mitigation, infrastructure development, technology transfer, and personnel training to better address the common challenges facing developing countries such as natural disasters, hunger and poverty.

- Mdm. Josepheta Mukobe, Principal Secretary for the State Department of Special Programmes of the Ministry of Devolution and Planning of Kenya

The prompt help from China will surely further strengthen the relationship between Kenya and China and the friendship between the two peoples. China has rich experience in drought relief. Kenya is willing to continue to learn about advanced technology from China to enhance our capability to deal with natural disasters.

- Mdm. Josepheta Mukobe, Principal Secretary for the State Department of Special Programmes, the Ministry of Devolution and Planning of Kenya

Water is an important livelihood problem in Kenya. Because of Kenya’s climate, many areas in Kenya have water supply difficulties in the dry season. Local communities rely on wells and water storage facilities such as water tanks or water ponds for their water supply. However, the construction of water storage facilities is challenging for most communities: drilling a well needs special equipment and expertise, and building tanks or digging ponds both need large machinery for both safety and feasibility considerations. And their costs are usually beyond what the local residents could afford.

KCETA member enterprises remain conscious of the need for reliable water supply in the communities where they operate. Whenever there is a need identified, they would use their advantages in equipment and personnel to help local communities drill wells and build water storage facilities. If there were urgent temporary needs for water, we also directly distributed water to community residents with tanker trucks for free.

Ensuring Water Supply for Communities

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- A local resident

China Road and Bridge Corporation: grant local residents access to water storage facilities on its construction site, and used tankers to help address the temporary water needs for local communities and schools.

Shinnyodo Corporation Limited donated a water tank for the Isinet primary school, supplied water to the local primary school, offered work for local schools and army barracks, and constructed community water storage facilities and donated generators to local communities.

Sinohydro Corporation Limited donated a water tank for the Nthungululu primary school, supplied water to the Isinet primary school, drilled wells for local schools and army barracks, and constructed community water storage facilities and donated generators to local communities.

China Wa Yi Co., Ltd. built water ponds for nearby communities to solve the water supply problem.

China Wa Yi Co., Ltd. sent equipment and operators to help the Moyale OMC school install its water tank. The headmaster visited the company with five sheep to express his gratitude.

China Road and Bridge Corporation provided local residents with free access to water storage facilities on its construction site, and used tankers to help address the temporary water needs for local communities and schools.

China Road and Bridge Corporation installed a water tank for the Nthungululu primary school and supplied water to the Isinet primary school.

China Road and Bridge Corporation donated generators to local communities.

China Road and Bridge Corporation installed a water tank for the Moyale OMC school and supplied water to the school.

China Road and Bridge Corporation donated generators to local communities.
In 2017, Twyford Co., Ltd. invested Ksh1.8 million to build a 5-kilometer road for the Inkiwanjani community.

China Sichuan International Cooperation Co., Ltd. installed covers on the sewer ditch along a nearby road to eliminate safety hazards to pedestrians.

SinoHydro Co., Ltd. constructed a road near the quarry site of the Kisumu highway rehabilitation project in Kisian.

The Chinese Bridge event organized by the Confucius Institute at Nairobi University.

StarTimes Media launched the Beijing TV Season 2015 event.

There is a big gap between the development of rural and urban areas in Kenya. Children of poor families often lack the access to educational TV programs that are conducive to their growth. StarTimes Media helps enrich the cultural life of the Kenyan people by offering 80 TV channels of free programming and donating TV sets to families in need.

After a successful season of bringing Chinese programs to Africa in the earlier year, in 2016, StarTimes Media initiated the 2016 Season of Beijing TV in Africa in a number of African countries including Kenya. Within one year, it broadcasted 17 movies and 600 episodes of TV programs from China in seven languages, building a bridge of cultural exchange. StarTimes Media also provides career development opportunities and creative spaces for local talents to explore the production of television programs that meet the needs of local audiences.

StarTimes Media organized the Kung Fu Festival event in Kenya and provided Kenyan martial arts instructors with cultural exchange and training opportunities to improve their skills to provide better service to local Kung Fu lovers.

Many areas in Kenya have underdeveloped community infrastructure, and the alternating climate of dry and wet seasons also poses a challenge to the maintenance of road infrastructure. Our member enterprises actively studied and responded to the needs of communities where they operated and used their advantages in equipment and personnel to help local communities build roads and improve community infrastructure.

SinoHydro Co., Ltd. used the gravel excavated during the construction of a wastewater proposal facility project in Nairobi as well as its engineering equipment and operators and built a 1.5 kilometer road for a village near its project site, allowing local residents to travel with ease in the rain season.

The areas near the Kisumu highway rehabilitation project had poor road conditions. SinoHydro Co., Ltd. constructed a road using its construction machinery, bringing convenience both for the project and the local residents.

The China Garden near the United Nations compound was built and owned by China Sichuan International Cooperation Co., Ltd. To eliminate safety hazards to local residents and pedestrians, the company spent Ksh1.5 million to install covers on the sewer ditch and installed lighting fixtures along the 130 meters long stretch of road in front of China Garden.

Deepening Cultural Exchange and Mutual Understanding

Improving Local Road Infrastructure

In 2017, Twyford Co., Ltd. invested Ksh1.8 million to build a 5-kilometer road for the Inkiwanjani community.

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Living in Harmony with the Environment

To keep a balance between economic development and protecting the natural environment has always been a challenge for countries pursuing development. KCTEA member enterprises attach great importance to the environmental impact of their projects, carry out environmental evaluations prior to launching projects, and adopt a variety of management policies during project construction to reduce their environmental impact and preserve local wildlife and nature.
Reducing Environmental Impact

Chinese enterprises in Kenya established a complete management policy system to manage the environmental impact of their operations. A strict implementation of such policies reduces our overall impact on Kenya’s natural environment.

Creating a Complete Environment Management System (EMS)

SinoHydro Co., Ltd. developed its own Quality, Health, Safety and Environment (QHSE) Management System based on OHSAS18001, ISO9001 and ISO14001, which consists of the Overseas QHSE Management Manual, SinoHydro Overseas HSE Management Guide, and other policies, to manage the safety and environment issues of its overseas activities. The company engages with a qualified third-party institutions to conduct annual audits to ensure compliance.

Strict On-Site Project Environment Management

China Road and Bridge Corporation Kenya Office established an EMS with specific policies and targets that covers project construction management, fauna and flora protection, and water and soil conservation, etc. The company attaches importance to water protection, dust prevention, and other environmental issues during construction, making clear its demands for on-site camps, excavation, and quarries to obtain for environmental evaluation certification; for projects that use land, it demands the construction team sign land acquisition contracts with landlords to ensure the construction procedure is in full compliance, and the teams strictly enforce the environmental and water conservation measures. After excavation, the company restores the terrain by replacing topsoil, plants and trees to restore the appearance of the site. When working in the crowded areas, the company ensures water is sprayed to reduce transport dust impact for nearby residents. The company also installs dust collectors on the crushers for better effect.

China Sichuan International Cooperation Co., Ltd. invested in the Wanho-Jacaranda Gardens real estate project in Nairobi. During the project, the company strives to minimize ecological destruction instead of maximizing profit by designing community roads and residential buildings in accordance with the local natural environment, to preserve the existing large trees within the project site to the largest extent possible. At the same time, during construction the company provided reinforced protection surrounding large trees.

The China Wu Yi Industrial Park project hired the local environment assessment authorities at the beginning of project design to conduct environmental assessments in accordance with local laws and regulations, carried out indoor water quality monitoring and waste discharge and sewage monitoring in strict accordance with local management standards.
Living in Harmony with the Environment


Preserving Wildlife

Kenya’s natural environment is unparalleled anywhere in the world. It is recognized as the best African country to observe tropical animals and birds. There are nearly 60 wild animal parks in this country on the east African Plateau, of which 26 are national wildlife conservation zones. Maasai Mara National Reserve’s spectacular animal migration and Lake Nakuru National Park’s droves of red flamingoes together paint a beautiful picture of Kenya. For Chinese engineering enterprises that undertake a large number of basic construction tasks, the protection of wild animals and harmony between man and nature is an important social responsibility.

China Road and Bridge Corporation undertook the Mombasa-Nairobi Standard Railway project, and adhered to environmental philosophy of “love, respect, compliance, protection,” complies with local environmental laws and regulations, and integrates the concept of environmental protection into system design, management and construction.

China Road and Bridge Corporation sought the advice of wildlife experts, according to migratory species and migration paths of wildlife in the Wildlife Reserves along the railway, as well as local topographical environment, to set up a certain number of wildlife channels and facilities to guide animals to cross the railway safely.

The SGR Project: Integrating Environmental and Wildlife Protection in Project Design and Construction

China Road and Bridge Corporation took consideration of impact on wildlife during its design and construction. In November 2016, Chinese Ambassador to Kenya Liu Xianfa spoke at the donation event to Kenya Wildlife Service.

In January 2017, Kenya China Economic and Trade Association donated Ksh1.1 million ($10,500) to Mount Kenya Wildlife Conservancy to support the organization’s commitment to animal shelter and rescue, endangered species breeding, and wildlife protection campaña. 11 enterprises, namely China Road and Bridge Corporation, SinoHydro Co., Ltd., China Overseas Engineering Group Co., Ltd., AVIC International Holding Corporation, China CAMC Engineering Co., Ltd., China Wu Yi Co., Ltd., CNPC Great Wall Drilling Company, SANY Heavy Industry Co., Huawei Technologies Co., Ltd., ZTE and China Sichuan International Cooperation Co., Ltd. participated in the donation.

Participating in the Wildlife Conservation Campaign

The Kenyan government attaches great importance to wildlife protection efforts and combats illegal ivory trade and smuggling. Our members actively comply with United Nations resolutions and vigorously support and participate in the wild animal protection campaign activities with support from Chinese Embassy in Kenya. Wildlife protection has been of an important issue for Chinese enterprises and Chinese overseas organizations.

The consciousness of wildlife protection needs to be cultivated at a young age. For the future of Kenyan animal protection, in November 2016, the Kenya China Economic and Trade Association donated Ksh3.77 million (approximately $37,000) to the Kenya Wildlife Service to upgrade the Nairobi National Park youth education facility, and offered free entry to 500 poor students.

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Employees of China City Construction Group Co., Ltd. participated in the World Wildlife Day campaign, carrying out a public awareness raising campaign and hosting staff training on elephant protection.

KCETA and the Chinese Embassy made a donation to the Kenya Wildlife Service to support the upgrade of the youth education facility at the Nairobi National Park.

Employees from China Road and Bridge Corporation worked together with local students and KWS staff to clean up garbage along the road in Tsavo National Park.
Chinese enterprises came to Kenya in the 1980s for the construction of the Moi Sports Center. More than three decades have passed and the economic and trade relations between China and Kenya have entered a new stage of in-depth integration. China is Kenya’s largest trading partner, contractor source country, and bilateral loan provider and the fastest-growing source of overseas tourists. China-Kenya cooperative projects account for over half of the thirty plus “flagship” projects announced by the Kenyan government.

While being contracted for over 50% of infrastructure projects in Kenya, Chinese enterprises started investing and operating in Kenya, transforming themselves from contractors to investors, and from constructors to operators. As Chinese enterprises further deepen their economic and trade relations with Kenya, they also attach great importance to fulfill their social responsibility, pursuing win-win economic cooperation, cultivating local talents, growing together with local communities, and living in harmony with the environment. This report presents a number of examples how Chinese enterprises fulfilled their social responsibility embodying the principles of sincerity, practical results, affinity and good faith for conducting China’s relations with Africa put forward by President Xi Jinping, and uphold the values of friendship, justice and shared interests and place more importance on the former.

Chinese enterprises have made a good start on fulfilling social responsibility in Kenya, while the Belt and Road Initiative has got some green harvest following the construction and operation of the Mombasa-Nairobi Standard Gauge Railway project.

Although Chinese enterprises are currently facing a lot of challenges in Kenya, I still believe that Chinese enterprises will achieve new progresses in local culture integration, technological transformation, local sourcing, environmental protection, etc. following further improvements on political mutual trust, and economic and trade cooperation between the two countries. Chinese enterprises will insist on the Silk Road Spirit of “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit”, in order to help consolidate friendship between the people of China and Kenya.

Stakeholder Commentary

From China, Here We Come


The overseas operations of Chinese enterprises have been the center of attention. It should be admitted that because of the lack of systematic management and active communication, the development philosophy and behaviors of Chinese enterprises were often misinterpreted and misunderstood. This report describes how Chinese enterprises operated in Kenya worked together with the Kenya people following the vision of “March Towards Development, Togethers for a Shared Future”. It is a comprehensive illustration of how Chinese companies operate in Kenya and contribute to the economic and social development of Kenya, providing a panoramic view of how Chinese enterprises operate in Kenya.

With the implementation of the Belt and Road Initiative, cooperation between China and Africa continues to develop. Playing a pivotal role in East Africa’s development, Kenya is attracting an increasing number of Chinese enterprises to go there and participate in infrastructure construction and business investment and operation. With their technologies, capitals, management expertise, and standards, Chinese enterprises contribute to the realization of the Vision Kenya 2030.

"From China, here we come." This report will help Chinese enterprises in Kenya better communicate with their stakeholders and provide them with a different perspective and answers to their concerns, paving the way for better China-Kenya cooperation for future generations.

A single report cannot solve all the problems. We hope that this report will encourage more Chinese enterprises to proactively fulfill their social responsibilities and engage their stakeholders in search of ways to fully integrate with local communities; achieve win-win development and create a bright future for all.

Yu Zhihong
Chief Expert,
GoldenBee (Beijing) Management Consulting Co., Ltd.
About the Kenya China Economic and Trade Association

Kenya China Economic and Trade Association (KCETA) is a social organization comprised of Chinese businesses in Kenya. The association was founded in 2001 with 51 Chinese invested businesses in Kenya, and as of May 31, 2017, the association’s membership has grown to 73 members.

The mission of the KCETA is to strengthen the cohesiveness and influence of Chinese business people in Kenya in order to better protect the rights of Chinese businesses and promote their business development there. Since its founding, the association has continuously improved its charter and various systems, improving the self-discipline of Chinese invested businesses in Kenya, responding to member demands, protecting member rights, helping Chinese businesses to resolve difficulties encountered during operation, encouraging member businesses to open up charitable initiatives and carry out their social responsibility, creating closer ties to the community, establishing a good corporate image for Chinese businesses, continuously strengthening internal and external communication, and improving the cohesiveness of member businesses.

For many years, the association’s member businesses have actively carried out their social responsibilities with the principle of "lawful operations and giving back to society", passionately supporting local charitable initiatives, encouraging the localization of member company workforces, opening skills training and technical support activities, sharing technical and management experience, building roads for the local communities, free of charge, funding scholarships at Kenyatta and Moi universities, donating to the Red Cross and rhinoceros conservation groups among others, supporting training centers and orphanages, and assisting with local disaster relief efforts. While pursuing all of these public service initiatives on their own, the association also works to bring its various members together to organize and implement large-scale public service projects.

KCETA Members (As of May 31, 2017)

1. SinoHydro Corporation Limited
2. China Road and Bridge Corporation (Kenya)
3. China Overseas Engineering Group Co., Ltd. (East Africa)
4. China Wu Yi Co., Ltd. (Kenya Branch)
5. AVIC International Holding Corporation
6. China Sichuan International Cooperation Co., Ltd. (Kenya Office)
8. ZTE Kenya Limited
9. China CAMC Engineering Co., Ltd.
10. CNPC Great Wall Drilling Company
11. SANY Heavy Industry Co., Ltd. (Kenya Ltd.)
12. Sinopac Shengli Engineering & Construction Co., Ltd.
13. China Jiangsu International Economic and Technical Cooperation Corp. East Africa Branch
15. Bank of China, Nairobi Representative Office
16. Stanbic Bank (Kenya)
17. China Petroleum Pipeline Bureau (CPP) Limited
18. Sinopac International Petroleum Service Corporation
19. Sichuan Huashi Enterprises Corporation East Africa (E.A) Limited
20. Zhongmei Engineering Group Ltd.
21. BETT Company (K) Ltd.
22. Guangxi Hydroelectric Construction Bureau Kenya Limited
23. China Railway No.5 Engineering Group Co., Ltd.
24. Kenya Office, China Railway Seventh Group Co., Ltd.
25. China Railway No.10 Engineering Group Co., Ltd.
26. China North Industries Corp. (INORINCO) Kenya
27. Jiangsu Water and Hydropower Construction Co., Ltd.
28. SINFOTEC Co., Ltd. (Kenya)
29. China State Construction Engineering Corporation Kenya Limited
30. China Zhongtian Construction Co., Ltd.
31. Danan Co., Ltd. (Kenya)
32. Wuhai International Economic & Technical Cooperative Co., Ltd.
33. TBEA International Kenya Limited
34. China Henan International Cooperation Group Co., Ltd. (Kenya)
35. China Gezhouba Group Company Limited (Kenya)
37. HouseMart (Sunda International) Co., Ltd.
38. Fushun Construction Corporation
39. Songyong Industrial Company
40. China Communications Services Corporation Limited (Kenya)
41. Central Southern China Electric Power Design Institute Co., Ltd. (Kenya)
42. China Electric Power Equipment and Technology Co., Ltd. (Kenya)
43. China Railway Construction Corporation International Limited (East Africa)
44. China Dalian Economic & Technical Cooperation Group Co., Ltd. (Kenya)
45. Nanchang Foreign Engineering Company (Kenya) Limited
46. Goldsun Asia Africa Logistics Ltd.
47. Wuhai Construction Group Co., Ltd. (Kenya)
48. Jiangsu Enter Co., Ltd.
49. Chint Electric Co., Ltd.
50. Sinotruck Machinery and Equipment Co., Ltd. (Kenya)
51. Zhonghao Overseas Construction Engineering Co., Ltd
52. Shanshi Dikuang Overseas Engineering Construction (Kenya) Limited
53. The Third Engineering Bureau of China City Construction Group Co., Ltd.
55. Greenroad Kenya Ltd.
56. Chongqing International Construction Corporation (CECO)
57. Afasia Express Kenya Ltd.
58. CRJ/E (East Africa) Ltd.
60. China Telecom (Kenya) Ltd.
61. China Civil Engineering Construction Corporation (Kenya) Limited
62. Foton Motor Kenya Ltd.
63. Jiangxi Youse Construction (Group) Co., Ltd.
64. StarTimes Media (Kenya) Company Limited
65. Yocan Group
66. China Machinery Engineering Corporation
67. Ever-do International Logistics Supply Chain Co., Ltd.
68. CCCCG Group Co., Ltd.
69. GCL New Energy Kenya Limited
70. NARI Group Corporation
71. AHCOF Investments (Kenya) Company Limited
72. Jiangsu Transportation Engineering Group Corporation Kenya Ltd.
73. Hunan Road & Bridge Construction Group Corporation Ltd.